



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
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June 9, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

THE COMMUNITY HEALTH PLAN
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Delegate authority to the Director of Health Services, or his designee, upon review and approval by County Counsel, to:

1. Offer and execute Amendments with the Healthy Families Program (HFP) contractors listed in Attachment B to extend the current Agreements, and approve revisions thereto as required by State law and regulations, effective July 1, 2005 through June 30, 2008, 100% offset by State and Federal funds.
2. Offer and execute Amendment No. 5 to the Personal Assistance Services Council - Services Employees International Union (PASC-SEIU) Homecare Worker Health Care Plan (Health Care Plan) Agreement No. H-213337 with L.A. Care Health Plan (L.A. Care) to extend the provision of: a) administrative support services, effective July 1, 2005 through December 31, 2005, partially offset by State and Federal funds, for an estimated total cost of \$1.3 million dollars, and b) Nurse Advice Line services effective August 1, 2005, and to continue on a month-to-month basis not to exceed five months through December 31, 2005, at no additional cost to the County.
3. Offer and execute Amendment No. 4 to the HFP Network Agreement No. H-207959 with L.A. Care to extend the Nurse Advice Line effective August 1, 2005, and to continue on a month-to-month basis not to exceed five months through December 31, 2005, at no additional County cost.
4. Approve the delegation of duties and assignment of rights of Pharmaceutical Care Network (PCN) Agreement No. H-207932 for pharmacy benefit management services to National Medical Health Card Systems, Inc., as a result of its acquisition of PCN, effective on date of Board approval, at no additional County cost.
5. Offer and execute standard form agreements, as may be amended from time to time, as required by State law and regulations, with providers set forth in Attachment C or other providers for any or all Community Health Plan (CHP) product lines of business, including

Medi-Cal Managed Care/County Temporary Employees Program, HFP, and the In-Home Supportive Services (IHSS) Health Care Plan, provided that CHP requires such Agreements to increase service capacity or access for its members, and that such providers meet CHP's contracting criteria listed in Attachment D.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

The Department of Health Services (DHS or Department) is recommending approval of the above actions to ensure the continued provision of: 1) health care services for CHP members enrolled in the HFP, 2) administrative support services to assist the CHP with administering the IHSS Health Care Plan, 3) Nurse Advice Line (NAL) services for CHP members enrolled in the HFP and IHSS Health Care Plan, and 4) pharmacy benefit management (PBM) services for all CHP programs.

Delegated authority to enter into agreements with providers meeting certain criteria will enable the CHP to increase the number of providers and improve access to health care for all CHP programs on an as-needed basis. Such authority will also ensure continuity of care in the event that a service agreement is terminated or not renewed.

FISCAL IMPACT/FINANCING:

Healthy Families Program

The costs for health care services provided under the HFP is 100% offset by State and Federal funds received from the State's Managed Risk Medical Insurance Board on a capitated basis for each HFP subscriber enrolled in CHP.

IHSS Health Care Plan - Administrative Support Services

Based on current sharing ratios, the IHSS Health Care Plan is 82.5% offset by State and Federal funds, with the remaining 17.5 % covered by net County costs, for a total estimated cost to the County of \$1.3 million dollars during the extension period. The CHP receives funds from the PASC on a per-member per-month capitated rate for each subscriber.

Nurse Advice Line

L.A. Care will provide or arrange for the provision of NAL services through December 31, 2005, at no additional County cost.

Funding has been requested in the Fiscal Year 2005-06 Proposed Budget, and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The CHP, a full-service Knox-Keene licensed and federally qualified Health Maintenance Organization (HMO) is the County's publicly operated HMO, administered by the Department's Office of Managed Care (OMC).

Healthy Families Program Agreement

The HFP provides low-cost health care to uninsured children up to age 19 from low-income families who do not qualify for Medi-Cal. The CHP arranges for the provision of health care services to its HFP members through the Department's facilities and staff and that of contracted providers. On May 19, 1998, the Board approved initial Agreements with individual physicians, medical groups, and hospitals. The Board subsequently approved Amendments to these Agreements to include Board-mandated provisions and extend the term through June 30, 2005.

L.A. Care Agreements

Nurse Advice Line

On January 7, 2003, the Board approved an Agreement with L.A. Care to provide HFP network services (e.g., primary and specialty care, hospital and pharmaceutical services) through December 31, 2005, and subsequently amended the Agreement to include NAL services through July 31, 2005. NAL services provide CHP members with free telephonic medical advice and referrals by specially-trained registered nurses, physician assistants, licensed physicians and surgeons with payment made by L.A. Care. Such advice and referrals reduce the number of unnecessary visits to hospitals and physicians by CHP members with minor illnesses and injuries.

On February 1, 2005, the Board approved an Amendment with L.A. Care to extend the provision of NAL services through July 31, 2005. At that time, the Department stated that a cost-benefit analysis would be completed by May 31, 2005 to determine if such services should continue to be performed by L.A. Care, County staff, or other contractor. However, the CHP has determined that a longer period of time is needed to collect a sufficient amount of cost/utilization data from L.A. Care to complete the analysis. As a result, DHS anticipates completion of the analysis prior to December 31, 2005.

IHSS Health Care Plan-Administrative Support Services

The IHSS Health Care Plan provides health care benefits to uninsured or under-insured IHSS workers and their newborn infants enrolled in the CHP through the Department's facilities and staff and contract providers. On January 8, 2002, the Board approved an Agreement with L.A. Care to assist the CHP with administrative support services. These services include claims processing, utilization review, and management information systems. On subsequent occasions, the Board approved amendments to include Board-mandated provisions and extend the term through June 30, 2005.

Pharmacy Benefit Management Services

A PBM company reduces the prescription cost of HMOs by providing a variety of services including negotiating discounted rates with its subcontracted network of retail pharmacies, ensuring patient safety and fraud prevention by conducting audits, and processing and adjudicating claims. On November 19, 2002, the Board approved a sole source Agreement with Pharmaceutical Care Network (PCN) to provide PBM services for the CHP pharmacy network consisting of County-operated pharmacies and PCN's subcontracted pharmacies. The Board subsequently amended the Agreement to extend services through June 30, 2005, with two 12-month renewals through June 30, 2007.

On March 7, 2005, National Medical Health Card Systems, Inc. entered into a stock-purchase agreement with PCN and acquired all of PCN's issued and outstanding stock.

The amendments and the delegation of duties and assignment of rights will be reviewed and approved by the Department, and approved by County Counsel prior to execution.

Delegated Authority to Offer Standard Form Agreements to New Contractors

On December 14, 2004, the Board approved a list of potential contractors for all CHP product lines, and delegated authority to the Director or his designee (Director) to offer standard form agreements, as may be amended from time to time, to such providers meeting certain criteria. However, to provide the CHP with greater flexibility to make timely business decisions, the Department is recommending approval of delegated authority to the Director to add or delete providers from this list when such adjustment is in the best interest of the County. For example, when a competing health plan becomes financially insolvent or loses its State license, the CHP may need to quickly identify and contract with a qualified provider not on the approved list in order to receive additional members from such health plan.

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Attachments A, B, C, and D provide additional information.

CONTRACTING PROCESS:

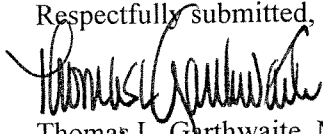
It is not appropriate to advertise Amendments on the Los Angeles County Online Website.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Board approval allows the CHP to continue HFP, NAL, and PBM services for its members.

When approved, this Department requires four signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:ck

Attachments (4)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

BLCD3914.ck

SUMMARY OF AGREEMENTS

1. Type of Services:

Healthy Families Program: See Attachment B

Administrative Support Services: L.A. Care Health Plan (L.A. Care) provides the CHP with administrative support services in operating the Personal Assistance Service Council-Service Employees International Union Homecare Worker Health Care Plan (Health Care Plan).

Nurse Advice Line: L.A. Care provides Nurse Advice Line (NAL) services for the benefit of all CHP members enrolled under the Healthy Families Program and Health Care Plan by offering free telephonic medical advice and referrals by specially-trained registered nurses and licensed physicians with payment made by L.A. Care.

Pharmacy Benefit Management (PBM): Upon Board approval of the delegation of duties and assignment of rights, National Medical Health Card Systems, Inc. (NHMC) will provide PBM services for the CHP's Countywide pharmacy network.

2. Agency and Contact Person:

Howard Kahn, CEO
L.A. Care Health Plan
555 West 5th Street, 18th Floor
Los Angeles, CA 90013
(213) 694-1250, ext. 4151

Patrick McLaughlin, President
National Medical Health Card Systems, Inc.
23 British American Boulevard
Latham, NY 12110
(518) 213-1609

3. Term:

Healthy Families Program Amendments: Effective July 1, 2005 through June 30, 2008. Amendment No. 4 to Agreement No. H-207959 (NAL services only): Effective August 1, 2005 and to continue on a month-to-month basis for a period not to exceed five months through December 31, 2005.

Amendment No. 5 to Agreement No. H-213337: Administrative support services - effective July 1, 2005 through December 31, 2005, and NAL services - effective August 1, 2005, and to continue on a month-to-month basis for a period not to exceed five months through December 31, 2005.

Assignment and Delegation of Agreement No. H-207932: Effective upon date of Board approval through June 30, 2005 with provisions for two 12-month automatic renewals through June 30, 2007.

4. Financial Information:

Healthy Families Program services are 100% offset by State and Federal funds.
Administrative Support Services are funded by 82.5% State and Federal funds, and 17.5% net County cost.
NAL services shall be continued at no additional cost to County.

5. Geographic Area To Be Served:

Countywide.

6. Accountable for Monitoring:

Office of Managed Care.

7. Approvals:

Office of Managed Care:	Dave Beck, Interim Director
Contracts and Grants Division:	Cara O'Neill, Chief
County Counsel:	Edward Morrissey, Deputy

**COMMUNITY HEALTH PLAN
HEALTHY FAMILIES PROGRAM**

**CONTRACTS EXPIRING JUNE 30, 2005
CONTRACTS RENEWAL TERM: JULY 1, 2005 THROUGH JUNE 30, 2008**

CONTRACTOR NAME		CONTRACT NUMBER	AFFILIATED MEDICAL GROUP / IPA / HOSPITAL
HOSPITAL AGREEMENT			
1	Catholic Healthcare West Southern California dba California Hospital Medical Center	H212000	Health Care L.A.
2	Citrus Valley Health Partners	H211225	Altamed Health Services Corporation
3	Citrus Valley Health Partners	H211226	Doctors Medical Group
4	Citrus Valley Health Partners	H211227	Citrus Valley Physicians Group
PRIMARY AND SPECIALTY CARE AGREEMENT			
5	Altamed Health Services Corporation	H211420	Citrus Valley Health Partners
6	Citrus Valley Physicians Group	H211301	Citrus Valley Health Partners
7	Doctors Medical Group	H211239	Citrus Valley Health Partners
8	Health Care L.A.	H211295	Catholic Healthcare West Southern California dba California Hospital Medical Center
9	Meridian Medical Group dba Capnet IPA	H211176	CHHP, Inc. and CFHS Holdings, Inc.*
10	Physicians Healthways Medical Corporation	H211273	AHMC Healthcare, Inc.*
NETWORK AGREEMENT			
11	Universal Care, Inc.	H211224	

* Replacement hospital providers resulting from the sale of certain Tenet hospitals.

**COMMUNITY HEALTH PLAN
LIST OF QUALIFIED / RECOMMENDED PROVIDERS**

ATTACHMENT C

CONTRACTOR NAME		PRIMARY GEOGRAPHIC DMHC* AREA(S)
TYPE OF EXHIBIT: HOSPITAL		
1	Adventist Health	Various
2	Adventist Health dba Glendale Adventist Medical Center	W. San Gabriel Valley
3	Adventist Health dba White Memorial Medical Center	East
4	AHMC, Inc.	Various
5	AHMC, Inc. dba Garfield Medical Center	W. San Gabriel Valley
6	AHMC, Inc. dba Greater El Monte Community Hospital	W. San Gabriel Valley
7	AHMC, Inc. dba Monterey Park Hospital	W. San Gabriel Valley
8	AHMC, Inc. dba Whittier Hospital Medical Center	East
9	Alhambra Hospital Medical Center	W. San Gabriel Valley
10	Antelope Valley Health Care District dba Antelope Valley Hospital	Antelope Valley
11	Beverly Community Hospital Association dba Beverly Hospital	East
12	Catalina Island Medical Center	South Bay
13	Catholic Healthcare West Southern California (CHWSC)	Various
14	CHWSC dba California Hospital Medical Center	Metro
15	CHWSC dba Glendale Memorial Hospital and Health Center	W. San Gabriel Valley
16	CHWSC dba Northridge Hospital	N. W. San Fernando Valley
17	CHWSC dba San Gabriel Valley Medical Center	W. San Gabriel Valley
18	CHWSC dba St. Mary Medical Center	South Bay
19	CHWSC dba St. Vincent Medical Center	Metro
20	CFHS Holdings, Inc.	Various
21	CFHS Holdings, Inc. dba Centinela Hospital Medical Center	South
22	CFHS Holdings, Inc. dba Daniel Freeman Memorial Hospital	South
23	CFHS Holdings, Inc. dba Daniel Freeman Marina Hospital	West
24	CHHP, Inc.	Various
25	CHHP, Inc. dba Community Hospital of Huntington Park	East
26	CHHP, Inc. dba Mission Hospital of Huntington Park	East
27	Citrus Valley Health Partners	East San Gabriel Valley
28	CVHP dba Citrus Valley Medical Center/Inter-Community Campus	East San Gabriel Valley
29	CVHP dba Citrus Valley Medical Center/Queen of the Valley Campus	East San Gabriel Valley
30	CVHP dba Foothill Presbyterian Hospital	East San Gabriel Valley
31	Downey Regional Medical Center	East
32	Encino-Tarzana Regional Medical Center	S.W. San Fernando Valley
33	East Los Angeles Doctors Hospital	East
34	Gardena Hospital L. P. dba Memorial Hospital of Gardena	South Bay
35	Henry Mayo Newhall Memorial Hospital	Antelope Valley
36	Huntington Memorial Hospital	W. San Gabriel Valley
37	Jupiter Bellflower Doctors Hospital dba Bellflower Medical Center	East
38	L.A. Metropolitan Medical Center	South
39	Lakewood Regional Medical Center	East
40	Lancaster Community Hospital	Antelope Valley
41	Little Company of Mary Hospital - San Pedro	South Bay
42	Little Company of Mary Hospital - Torrance	South Bay
43	Long Beach Memorial Medical Center	South Bay
44	Methodist Hospital	W. San Gabriel
45	Mission Community Hospital - Panorama City Campus	NE San Fernando Valley
46	Mission Community Hospital - San Fernando Campus	NE San Fernando Valley
47	Pacific Alliance Medical Center	Metro

**COMMUNITY HEALTH PLAN
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ATTACHMENT C

48	Pacific Health Corporation	Various
49	Pacifica Hospital of the Valley	NE San Fernando Valley
50	Pomona Valley Hospital Medical Center	East
51	Presbyterian Intercommunity Hospital	East
52	Robert F. Kennedy Medical Center	South
53	Sherman Oaks Hospital	SE San Fernando Valley
54	St. Francis Hospital Medical Center	South
55	Tenet	Various
56	Tenet dba Brotman Medical Center	West
57	Tenet dba Hollywood Presbyterian Medical Center	Metro
58	Tenet dba San Dimas Community Hospital	East San Gabriel Valley
59	Tenet California HealthSystem	Various
60	Tenet California HealthSystem dba Suburban Medical Center	South
61	Valley Presbyterian Hospital	NE San Fernando Valley
62	Verdugo Hills Hospital	W. San Gabriel
TYPE OF EXHIBIT: PRIMARY OR PRIMARY/SPECIALTY		
63	Accountable Health Plan Medical Group	Various
64	Alliance Health Medical Group	Various
65	Allied Physicians IPA	Various
66	Alpha Care Medical Group, Inc.	Pomona
67	Altamed Health Services Corp.	West San Gabriel Valley
68	Angeles IPA	Various
69	Arroyo Vista Family Health Center	Various
70	Asian Community Medical Group, Inc	South Bay
71	Asian Pacific Health Care Venture	Metro
72	Bao Quoc Le, MD, Inc.	South Bay
73	Bay Area Addiction and Treatment, Inc.	Various
74	Bella Vista Medical Group	West San Gabriel Valley
75	Clinica Medica San Miguel	Various
76	Clinical Msr. Oscar Romero	Metro
77	Community Family Care Medical Group IPA, Inc.	Various
78	East Los Angeles Health Task Force	West San Gabriel Valley
79	East Valley Community Health Center	East San Gabriel Valley
80	El Proyecto del Barrio, Inc.	Various
81	Employee Health Systems Medical Group, Inc.	Various
82	Exceptional Care Medical Group	Various
83	Family Health Care Centers of Greater Los Angeles, Inc.	Various
84	Franciscan Clinics	Various
85	Gallatin Medical Foundation	East
86	Global Care Medical Group	Various
87	Health Care L.A.	Various
88	Healthsmart Pacific	Various
89	Joy Medical Associates	Various
90	JWCH Institute, Inc.	Metro
91	La Vida Medical Group & IPA	Various
92	La Vida Multispecialty Medical Centers, Inc., A Medical Corporation	Various
93	Los Angeles Free Clinic	Metro
94	Medicina Familiar Medical Group	SW San Fernando Valley
95	Meridian Medical Group dba Capnet IPA	Various
96	Mission City Community Network, Inc.	NW San Fernando Valley
97	Mobohy Medical Group	Various

**COMMUNITY HEALTH PLAN
LIST OF QUALIFIED / RECOMMENDED PROVIDERS**

ATTACHMENT C

98	New Horizons Medical Group	Pomona
99	Noble Community Medical Associates	Various
100	Noobar Janoian, MD, A Professional Corporation	West San Gabriel Valley
101	Northeast Community Clinic	West San Gabriel Valley
102	Northeast Valley Health Corporation	NE San Fernando Valley
103	Omnicare Medical Group	South
104	Physician Healthways Medical Corporation	Various
105	Pomona Valley Medical Group dba Promed Health Network of Pomona Valley	East San Gabriel Valley
106	Promed Health Network of Pomona Valley	East San Gabriel Valley
107	Preferred IPA of California	Various
108	Prospect Medical Holdings, Inc.	Various
109	Ramona Health Plan Medical Group	East San Gabriel Valley
110	Regent Medical Group	Various
111	San Miguel Medical Group	Various
112	South Atlantic Medical Group	W. San Gabriel
113	South Bay Family Healthcare Center	South Bay
114	South Central Family Health Center	South
115	Southland-San Gabriel Valley Medical Group Inc.	East
116	T.H.E. Clinic, Inc.	South
117	Tarzana Treatment Center	SW San Fernando Valley
118	The Children's Clinic	South Bay
119	URDC Human Services Corporation	W. San Gabriel Valley
120	Venice Family Clinic	West
121	Western University Medical Center	East
122	Wilmington Community Clinic	South
123	National Medical Health Card Systems, Inc.	Various
TYPE OF EXHIBIT: NETWORK		
124	Care 1st Health Plan	

* DMHC - State Department of Managed Health Care

**COMMUNITY HEALTH PLAN
CONTRACTING CRITERIA**

1. Meets the administrative, programmatic, and fiscal objectives of the Community Health Plan (CHP) business model.
2. Agrees to accept as patients individuals enrolled in the CHP
3. Locates service sites within Los Angeles County.
4. Demonstrates compliance with the geographic accessibility requirements under Knox-Keene Licensure and the State Department of Health Services.
5. Complies with CHP site certification process.
6. Complies with CHP Credentialing process.
7. Agrees to cooperate in the maintenance and implementation of utilization management and quality assurance programs, submission of encounter data and other reporting requirements, and regular monitoring of all areas of service delivery to individuals enrolled in the CHP.
8. Demonstrates fiscal viability as determined by submission and review of most recent audited financial statements and last two (2) recent quarterly financial statements.
9. Agrees to comply with CHP's Insurance and Reinsurance requirements
10. Accepts CHP's reimbursements rates or willing to negotiate reasonable reimbursement rates where appropriate.
11. Agrees to cooperate in the development and implementation of any other processes necessary in all areas of service delivery to CHP enrollees.
12. Accepts the terms and conditions of the CHP Agreement, including all the Standard Provisions required by County.
13. Joint Commission of Accreditation Healthcare Organizations (JCAHO) certified hospitals (preferred).
14. Safety Net Providers (preferred/required).